

THE CANADA-MICHIGAN BORDER: WHY IT MATTERS

Hon. Rocco Delvecchio
Consul General of Canada

December 4, 2003

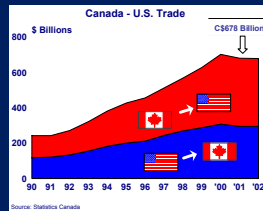
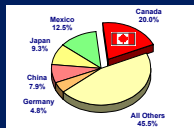
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CANADA IS BY FAR THE LARGEST U.S. TRADING PARTNER

* Canada and the U.S. have the world's largest trading partnership, with two-way trade amounting to C\$678 billion in 2002. In fact, this averages to more than C\$1.3 million dollars a minute in trade.

* The U.S. trades more with Canada than with any other country - the U.S. trades more with Canada than with all of the countries of the E.U. combined!

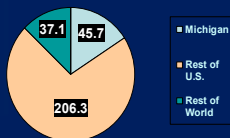
Distribution of U.S. Trade* — 2002



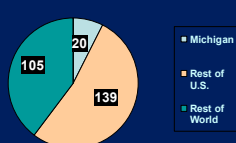
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CANADA IS BY FAR MICHIGAN'S LARGEST TRADING PARTNER

Canada's Merchandise Exports
Year 2002, in U.S. \$ billions—\$239.1 billion total



Canada's Merchandise Imports
Year 2002, in U.S. \$ billions—\$289.1 billion total



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Source: Statistics Canada

CANADA-MICHIGAN TRADE IN A GLOBAL CONTEXT

Canadian Exports (2002) US \$ billions

Michigan	45.7*
New York	16.1
Illinois	11.7
Ohio	9.3*
JAPAN	6.1
Indiana	3.8*
UNITED KINGDOM	3.2
CHINA	2.9

Canadian Imports (2002) US \$ billions

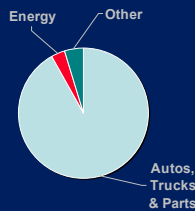
Michigan	20.0*
Ohio	14.6*
CHINA	12.1
JAPAN	11.1
New York	9.2
Illinois	8.0
UNITED KINGDOM	7.4
Indiana	6.6*

*Territory of Canadian Consulate General, Detroit

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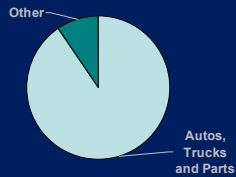
MICHIGAN'S LEADING IMPORTS FROM CANADA

2002, in millions of U.S. dollars



MICHIGAN'S LEADING EXPORTS TO CANADA

2002 in millions of US dollars



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CANADA WELCOMES FOREIGN INVESTMENT

* Foreign direct investment in Canada has more than doubled since 1990.

* Increasingly more investment goes to knowledge-based industries in high-tech manufacturing such as electronics, communications and chemicals.



Average Annual Growth Rates of Foreign Direct Investment by Industry 1990-2002

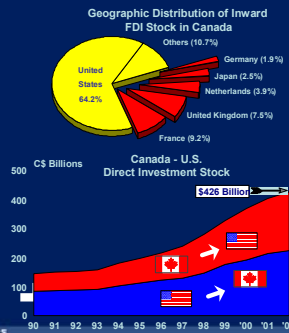
Food, beverage and tobacco	13.3%	10.6
Electrical and electronic products	12.4%	7.3
Transportation equipment	10.3%	11.0
Services and retailing industry	9.8%	3.3
Finance and insurance industry	9.1%	19.2
Energy	6.9%	16.2
Communications	4.6%	1.2
Metallic minerals and metal products	2.7%	6.6
Chemical products and textiles	2.7%	9.5
Machinery and equipment	1.3%	3.1
Wood and paper industry	0.9%	4.2
Construction and related activities	0.4%	2.8

Source: Statistics Canada, March 2003

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THE UNITED STATES IS CANADA'S LARGEST SOURCE OF FDI

- In 2002, the U.S. share of foreign direct investment (FDI) in Canada was 64.2%.
- Canada and the U.S. have one of the world's largest direct investment partnerships, with the stock of investment between the two countries totaling C\$426 billion in 2002.



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Source: Statistics Canada, March 26, 2003

THE BORDER IS A CRITICAL COMPONENT OF OUR TRADING RELATIONSHIP

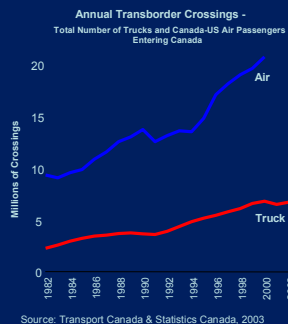


- 8,800 kilometres long – over 11,000 kilometres including Alaska
- 25% under water
- 130 land ports of entry or 130 gates -- with “no fences”
- 200m crossings per year

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STREAMLINED BORDER FLOWS

- Since the enactment of the North American Free Trade Agreement (NAFTA) in 1994, Canada provides long-term assured access to the North American market — over 400 million people with a combined GDP of over \$11.4 trillion (U.S.).
- In addition to eliminating tariffs, NAFTA provides procedures for:
 - border facilitation;
 - movement of personnel;
 - investment and intellectual property protection; and
 - product certification.
- The North American market is serviced through a well integrated transportation system which is among world's best.
 - Automated permit ports, transponder identification systems and joint processing centers are being tested and deployed.



Source: Transport Canada & Statistics Canada, 2003

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MICHIGAN-ONTARIO CROSSINGS DOMINATE

- 43% of Canada-U.S. trade crosses between S.E. Michigan and S.W. Ontario
- 25% of Canada-U.S. trade crosses at the Ambassador Bridge
- More trade crosses the Ambassador Bridge than all U.S. exports to Japan
- The Ambassador Bridge is the largest volume and value commercial land crossing in the U.S.

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BORDER MANAGEMENT TO DATE

Smart Border Declaration

- Four Pillars
 - Secure flow of people
 - Secure flow of goods
 - Security of infrastructure
 - Joint enforcement

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CORE ELEMENTS OF BORDER DECLARATION

- Expansion of FAST
- Expansion of NEXUS
- Capital Investment in Infrastructure
- IBETs

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BORDER INFRASTRUCTURE

- Bi-national Planning Process
- Canada and Ontario have committed C\$300 million over five years (9/02)
- C\$110 million in improvements at the Blue Water Bridge and along 401/402
- 9-point plan in the Windsor-Detroit corridor (5/03)

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VISION FOR THE FUTURE

- A Smart Border
 - Secure and efficient
 - “Robust” and integrated transportation system
 - Best available technology
 - State-of-the-art processes
- Managed as a System

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A SHARED VISION

- Integrated regional economies and transportation systems
- A “model” border for the 21st Century
 - Harness assets on both sides of the border
 - “Model” governance structure and process

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Thank you

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